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Contact: Carol Guthrie
(202) 224-4515

SENATE FINANCE AGRICULTURE TAX PACKAGE: COST OF FARM TAX PROVISIONS: \$0

Congressional math can be confusing, but the agriculture tax package for the farm bill is simple: a combination of tax incentives and tax reforms add up to \$0 in net costs for American taxpayers. The Senate Finance Committee conferees on the farm bill pay for agriculture tax relief with agriculture tax compliance measures, such as reforms to prevent the use of complex farming operations as tax shelters and a \$1.2 billion reduction in the ethanol tax credit.

The spending portion of the farm bill is being calculated by House conferees in the same way – if reforms and reductions were not allowed to offset spending in the House bill, its cost would balloon to \$17.5 billion! But total agriculture spending in the House bill is scored at \$5.5 billion, due to corresponding cuts to agriculture and nonagricultural related spending.

House Farm Spending Framework 4/10/08

<i>Total new spending</i>	+\$17.5 billion
<i>Spending cuts inside</i>	
<i> and outside farm bill programs</i>	- \$12.0 billion
<i>Net House Agriculture Spending</i>	+\$ 5.5 billion

House offsets outside farm bill programs include cuts to crop insurance and reauthorization of the Commodity Exchange Act, as well as a compliance measure completely unrelated to agriculture.

The Senate Tax Offsets

The Senate's offer contains \$2.4 billion in tax reforms that affect farmers, ranchers and agriculture businesses. Savings from these reforms are used to provide incentives for conservation, new biofuels production, beginning farmers and ranchers, and other agricultural producers:

<i>Farm Tax Relief/Incentives</i>	+\$2.406 billion
<i>Ethanol Package</i>	- \$1.226 billion
<i>Schedule F Loss Limitation</i>	- .456 billion
<i>Optional Self-Employment Tax</i>	- .124 billion
<i>Other Farm-Related Tax Reform</i>	- .600 billion
<i>Net Cost of Farm Tax Relief</i>	\$ 0